

7-24-01 CB  
Reporter  
Illinois Commerce Commission Docket No. 00-0717

Prepared Testimony of Philip Barnhard IV

Mt. Carmel Public Utility Co.

My name is Philip Barnhard IV and my business address is 316 Market Street, Mt. Carmel, Illinois 62863. I have been employed by Mt. Carmel Public Utility Co., (Company) for fifteen years. I have been President of the Company since July 1986 and I have been a Director since July 1986.

A citation Order of the Illinois Commerce Commission dated November 8, 2000 ordered Mt. Carmel Public Utility Co. to present evidence showing the reconciliation of Purchased Gas Adjustment revenues and actual prudent cost of fuel and gas paid by the utility and authorized to be collected under the utility's provisions of the Purchased Gas Adjustment. The period to be covered was calendar year 2000.

These reconciliations have been made and my testimony is for the purpose of presenting them and other exhibits.

GAS

Exhibit G-1 is a copy of Company's Purchased Gas Adjustment Clause on file with and approved by the Illinois Commerce Commission and in effect for the year 2000.

Exhibit G-2 is a reconciliation of our receipts under the Purchased Gas

Adjustment Clause with the cost of fuel paid by us in 2000. We have been filing monthly reports with the Illinois Commerce Commission under the Uniform Purchased Gas Adjustment Clause detailing our receipts and purchases so that information is on file with the Commission. The net of the reconciliation is an under recovery of \$454,852.79 in the Commodity Gas Charge, with an unamortized balance of \$70,442.61 under recovered at December 31, 1999 plus a Factor O of \$181.04 to be collected, and an as filed balance of \$232,712.56 under recovered at December 31, 2000, an over recovery of \$48,432.36 in the Non-commodity Gas Charge, with an unamortized balance of \$61,269.25 at December 31, 1999 under recovered plus a Factor O of \$7.28, and an as filed balance of \$0.00 under recovered at December 31, 2000, and a total under recovery of \$406,420.43 for the combined Gas Charges, with an unamortized balance of \$131,711.86 under recovered at December 31, 1999 plus a combined Factor O of \$188.32, and with an as filed unamortized balance of \$232,712.56 under recovered at December 31, 2000. Our natural gas was purchased from Woodward Energy Inc., with transportation provided by the City of Grayville, IL & Texas Eastern Transmission Corp. Propane, of which none was used in 2000, would have been purchased from the lowest price supplier at the time of order.

We believe the above exhibits together with our monthly filings with the Commission are sufficiently clear to eliminate the need of detailing them at this time.

By the time of the hearings on this matter public notice will have been

published twice in newspapers of general circulation in the cities and villages in which there are customers of the company who are affected by the filing. The first publication will have been within ten days following the date of the filing and the second publication will have been made during the week following. Notice will also have been posted in a prominent place in the office of the company. Beginning with the date of this filing copies of the same have been available to the public at the company's business office.

We believe that all fuels and gas were prudently purchased.

This concludes my testimony.

**Exhibit G-1**

**Purchased Gas Adjustment Rate Sheets**

Applies to Communities set forth in title sheet

## **RULES REGULATIONS AND CONDITIONS OF SERVICE**

### **RIDER A**

### **GAS CHARGE**

#### **Applicable to All Service Classifications**

Each month the Company shall calculate a commodity and a non-commodity Gas Charge. Both Gas Charges shall be applied to each therm billed during the effective month to customers in all non-transportation service classifications. Only the non-commodity Gas Charge shall be applied to transportation customers, should such customers seek service under an applicable tariff.

On or before the twentieth day of each month, the Company shall file with the Commission a set of schedules specifying the Gas Charges to be effective for service billed in the effective month as provided in Section E. Such filing shall include a statement showing the determination of each such Gas Charge, such determination to be accompanied by data in explanation thereof.

The Company shall use a reconciliation year beginning on January 1 of each year and ending on December 31 of such year.

#### **Section A Definitions**

"base period" shall mean the effective month or the remaining months in the reconciliation year which includes the effective month;

"effective month" shall mean the month following the filing month, during which the Gas Charge will be in effect;

"filing month" shall mean the month in which a Gas Charge is determined by the Company and filed with the Commission;

"Gas used by the Company" shall include all gas used by the Company except gas utilized in the manufacture of gas through a reforming process, and shall include gas furnished to municipalities or other governmental authorities without reimbursement in compliance with franchise, ordinance or similar requirements;

"reconciliation year" shall mean the 12-month period defined in the Company's tariff for which actual gas costs and associated revenues are to be reconciled;

"system average cost of gas" shall mean the weighted average cost per therm of gas estimated to be purchased, withdrawn from storage, and manufactured during the base period or reconciliation year.

Issued December 12, 1995

Issued by Philip Barnhard IV

316 Market Street, Mt Carmel, IL 62863

Effective January 1, 1996

President

Applies to Communities set forth in title sheet

## RULES, REGULATIONS AND CONDITIONS OF SERVICE

### RIDER A ctd GAS CHARGE

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#### Section B Cost Basis

ILLINOIS COMMERCE COMMISSION  
CHIEF CLERK'S OFFICE

The Gas Charge shall represent the Company's estimate of recoverable gas costs (as prescribed in Section C) to be incurred during the base period, with an adjustment to such costs through use of Adjustment Factors (as prescribed in Sections D, E, and F). Any Gas Charge established to recover commodity gas costs (separately or in conjunction with non-commodity gas costs) shall use an estimate of the recoverable costs to be incurred during the effective month. Any Gas charge established to recover only non-commodity gas costs shall use an estimate of the recoverable costs to be incurred during the remaining months of the reconciliation year.

#### Section C Recoverable Gas Costs

- a) Costs recoverable through the Gas Charge shall include the cost of the following:
- (1) costs of natural gas and any solid, liquid, or gaseous hydrocarbons purchased for injection into the gas stream or purchased as feedstock or fuel for the manufacture of gas, or delivered to the Company under exchange agreements;
  - (2) costs for storage services purchased;
  - (3) transportation costs related to such natural gas and any solid, liquid or gaseous hydrocarbons and any storage services; and
  - (4) other out-of-pocket direct non-commodity costs related to hydrocarbon procurement, transportation, supply management, or price management, net of any associated proceeds, and Federal Energy Regulatory Commission-approved charges required by pipeline suppliers to access supplies or services described in subsections (a) (1) through (3) of this Section.
- b) Determination of the Gas Charge(s) shall exclude the estimated cost of gas to be used by the Company, based on the system average cost of gas for the effective month.
- c) the cost of gas estimated to be withdrawn from storage during the base period shall be included in the Gas Charge(s).
- d) Recoverable gas costs shall be offset by the revenues derived from transactions at rates that are not subject to the Gas Charges(s) if any of the associated costs are recoverable gas costs as prescribed by subsection (a) of this Section. This Subsection shall not apply to transactions subject to rates contained in tariffs on file with the Commission, or in contracts entered into pursuant to such tariffs, unless otherwise specifically provided for in the tariff. Taking into account the level of additional recoverable gas costs that must be incurred to engage in a given transaction, the utility shall refrain from entering into any such transaction that would raise the Gas Charge(s).
- e) Revenues from penalty charges or imbalance charges, which the Commission has previously approved to prevent unauthorized actions of customers, shall offset gas costs.

Issued November 30, 1995

Issued by Phillip Barnhard IV

316 Market Street, Mt Carmel, IL 62863

Effective January 1, 1996  
President

Applies to Communities set forth in title sheet

## RULES REGULATIONS AND CONDITIONS OF SERVICE

### RIDER A ctd GAS CHARGE

#### Section C Recoverable Gas Costs ctd

**B) Revenues from "cash-out" schedules, which the commission has previously approved for transportation customers' monthly imbalances, shall offset gas costs. Under such schedules, the company can charge customers for gas used in excess of the amount contracted for, or can refund to customers the avoided cost of gas not taken. Refunds by the utility pursuant to any such "cash-out" schedule shall be treated as gas costs recoverable under this Section.**

#### Section D Adjustments to Gas Costs

**a) The Adjustment Factor (Factor A) shall be treated as an addition to or an offset against actual gas costs. This Adjustment Factor shall include the total of the following items:**

- 1) refunds, directly billed pipeline surcharges, unamortized balances of adjustments in effect as of the Company's implementation date, and other separately designated adjustments;**
- 2) the cumulative difference between actual recoverable gas costs and purchased gas adjustments ("PGA") recoveries for months preceding the filing month; and**
- 3) the unamortized portion of any Adjustment Factor(s) included in prior determinations of the Gas Charge(s).**

**b) If the Company determines the need to amortize the Adjustment Factor over a period longer than the base period, this Adjustment Factor shall be amortized over a period not to exceed 12 months. The Company shall, in the monthly filing in which Factor A is first amortized, include an amortization schedule showing the Adjustment Factor amount to be included in the base period. The associated carrying charge established by the commission under 83 Ill Adm Code 280.70 (c) (1) and in effect when the Adjustment Factor is first amortized shall be applied to each month's unamortized balance and included within Factor A.**

#### Section E Determination of Gas Charge(s)

**a) Each month the Company shall determine the Gas Charge(s) to be placed into effect for service billed during the effective month.**

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ILLINOIS COMMERCE COMMISSION  
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Issued November 30, 1995

Effective January 1, 1996

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## RULES REGULATIONS AND CONDITIONS OF SERVICE

### RIDER A ctd GAS CHARGE

#### Section E Determination of Gas Charge(s) ctd

b) The Gas Charge(s) shall be determined in accordance with the following formula:

$$GC = \left( \frac{G \pm A \pm O}{T} \right) \times 100$$

where:

**GC** - The Gas Charge(s) in cents per therm rounded to the nearest 0.01¢; any fraction of 0.01¢ shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢. The Company may establish separate Gas Charges for each type of gas cost.

**G** - The sum of the estimated recoverable gas costs associated with the base period, as prescribed in Section C. If separate Gas Charges are established, only costs related to the specific Gas Charge shall be included.

**A** - An amount representing the total adjustments to gas costs, as prescribed in Section D. If Company has elected to amortize the total adjustments to gas costs, Factor A shall include the amount applicable to the base period.

**O** - An amount representing the additional over- or under-recovery for a reconciliation year ordered by the Commission to be refunded or collected, including interest charged at the rate established by the Commission under 83 Ill Adm Code 280.70(c)(1) from the end of the reconciliation year to the order date in the reconciliation proceeding. If the Commission determines it is necessary to amortize the additional over- or under-recovery, additional interest shall be charged in the same manner as that prescribed in Section D (b).

**T** - The estimated applicable therms of gas associated with service to be billed during the base period.

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ILLINOIS COMMERCE COMMISSION  
CHIEF CLERK'S OFFICE

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Effective January 1, 1996

President



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## RULES REGULATIONS AND CONDITIONS OF SERVICE

### RIDER A ctd GAS CHARGE

#### Section F Annual Reconciliation

a) In conjunction with a docketed reconciliation proceeding, the Company shall file with the Commission an annual reconciliation statement, which shall be certified by the Company's independent public accountants and verified by an officer of the utility. This statement shall show the difference between the following:

- 1) the costs recoverable through the Gas Charge(s) during the reconciliation year, as adjusted by Factor A and Factor O, and
- 2) the revenues arising through the application of the Gas Charge(s) to applicable therms during the reconciliation year.

b) If, after hearing, the Commission finds that Company has not shown all costs to be prudently incurred or has made errors in its reconciliation statement for such reconciliation year, the difference determined by the Commission shall be refunded or recovered, as appropriate, under the Ordered Reconciliation Factor (Factor O), along with any interest or other carrying charge authorized by the Commission.

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ILLINOIS COMMERCE COMMISSION  
CHIEF CLERK'S OFFICE

Issued November 30, 1995

Effective January 1, 1996

Issued by Philip Barnhard IV  
316 Market Street, Mt Carmel, IL 62863

President

**Exhibit G-2**

**Purchased Gas Reconciliation Schedules**

**MT CARMEL PUBLIC UTILITY CO - DOCKET NO 00-0717**

PGA Reconciliation - Commodity Gas Charge  
for the year ended December 31, 2000

Line No

1 Unamortized Balance at Dec 31, 1999	70,442.61
2 Factor A Adjustments Amortized to Schedule I at 12/31/99 per 1999 Reconciliation	0.00
3 Factor O Collected/(Refunded) During 2000	181.04
4 Balance to be Collected/(Refunded) During 2000 from prior periods (sum of lines 1-3)	<hr/> 70,623.65
5 2000 Gas Costs	2,121,749.79
6 2000 PGA Revenues	(1,659,746.31)
7 Pipeline Surcharges/(Refunds)	0.00
8 Other Adjustments: Cost of Gas used by Company & Franchise	(6,624.51)
Adjustments made to costs of gas, recorded in Jan Filing, Sched II C	(126.02)
9 Interest	(400.16)
10 2000 (Over)/Under Recovery (sum of lines 5-9)	<hr/> 454,852.79
11 (Over)/Under Recovery Balance at 12/31/00 (line 4 + line 10)	525,476.44
12 Factor A Adjustments Amortized to Schedule I at 12/31/00	292,763.87
13 Unamortized Balance at Dec 31, 2000 (per Filing truing up actuals for December 2000)	232,712.56
14 Requested Factor O (line 11 - line 12 - line 13)	0.01

**MT CARMEL PUBLIC UTILITY CO - DOCKET NO 00-0717**

PGA Reconciliation - Non-Commodity Gas Charge  
for the year ended December 31, 2000

Line No

1 Unamortized Balance at Dec 31, 1999	61,269.25
2 Factor A Adjustments Amortized to Schedule I at 12/31/99 per 1999 Reconciliation	0.00
3 Factor O Collected/(Refunded) During 2000	7.28
4 Balance to be Collected/(Refunded) During 2000 from prior periods (sum of lines 1-3)	<hr/> 61,276.53
5 2000 Gas Costs	186,053.43
6 2000 PGA Revenues	(233,911.91)
7 Pipeline Surcharges/(Refunds)	0.00
8 Other Adjustments: Cost of Gas used by Company & Franchise	(649.42)
Adjustments made to costs of gas, recorded in Jan Filing, Sched II C	54.90
9 Interest	20.64
10 2000 (Over)/Under Recovery (sum of lines 5-9)	<hr/> (48,432.36)
11 (Over)/Under Recovery Balance at 12/31/00 (line 4 + line 10)	12,844.17
12 Factor A Adjustments Amortized to Schedule I at 12/31/00	12,844.17
13 Unamortized Balance at Dec 31, 2000 (per Filing truing up actuals for December 2000)	0.00
14 Requested Factor O (line 11 - line 12 - line 13)	(0.00)

**MT CARMEL PUBLIC UTILITY CO - DOCKET NO 00-0717**

PGA Reconciliation - Combined Gas Charge  
for the year ended December 31, 2000

Line No

1 Unamortized Balance at Dec 31, 1999	131,711.86
2 Factor A Adjustments Amortized to Schedule I at 12/31/99 per 1999 Reconciliation	0.00
3 Factor O Collected/(Refunded) During 2000	188.32
4 Balance to be Collected/(Refunded) During 2000 from prior periods (sum of lines 1-3)	<hr/> 131,900.18
5 2000 Gas Costs	2,307,803.22
6 2000 PGA Revenues	(1,893,658.22)
7 Pipeline Surcharges/(Refunds)	0.00
8 Other Adjustments: Cost of Gas used by Company & Franchise	(7,273.93)
Adjustments made to costs of gas, recorded in Jan Filing, Sched II C	(71.12)
9 Interest	(379.52)
10 2000 (Over)/Under Recovery (sum of lines 5-9)	<hr/> 406,420.43
11 (Over)/Under Recovery Balance at 12/31/00 (line 4 + line 10)	538,320.61
12 Factor A Adjustments Amortized to Schedule I at 12/31/00	305,608.04
13 Unamortized Balance at Dec 31, 2000 (per Filing truing up actuals for December 2000)	232,712.56
14 Requested Factor O (line 11 - line 12 - line 13)	0.01



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Mt. Carmel Public Utility Co.:

We have audited the accompanying reconciliation of revenue from gas charges with cost of gas (the "Reconciliation") of Mt. Carmel Public Utility Co. (the "Company") for the year ended December 31, 2000. This Reconciliation is the responsibility of the Company's management. Our responsibility is to express an opinion on this Reconciliation based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Reconciliation is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Reconciliation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Reconciliation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Reconciliation was prepared to present the over (under) recovery of gas costs for the purpose of complying with the rules and regulations of the Illinois Commerce Commission and is not intended to be a complete presentation of the Company's gas revenues and costs.

In our opinion, such Reconciliation presents fairly, in all material respects, the revenue from gas charges with cost of gas of the Company for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

February 23, 2001

## MT. CARMEL PUBLIC UTILITY CO.

### RECONCILIATION OF REVENUE FROM GAS CHARGES WITH COST OF GAS YEAR ENDED DECEMBER 31, 2000

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	Commodity Charge	Non-Commodity Charge	Total
Revenue recovered	<u>\$ 1,659,746</u>	<u>\$ 233,912</u>	<u>\$ 1,893,658</u>
Cost of gas purchased from Texas Eastern Transmission Corporation	(96,161)	(186,053)	(282,214)
Cost of gas purchased from Woodward Marketing, Inc.	(1,997,404)		(1,997,404)
Cost of pipeline charges from City of Grayville	(28,185)		(28,185)
Cost of gas used by the Company and franchise	6,625	649	7,274
Interest at 5.5%	<u>400</u>	<u>(21)</u>	<u>379</u>
Cost recoverable through gas charges	<u>(2,114,725)</u>	<u>(185,425)</u>	<u>(2,300,150)</u>
TOTAL OVER (UNDER) RECOVERY	<u>\$ (454,979)</u>	<u>\$ 48,487</u>	<u>\$ (406,492)</u>